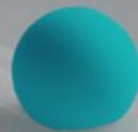


LG Energy Solution

Q1 2026 | Earnings Conference Call



LG Energy Solution

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Q1 2026 Earnings Conference Call

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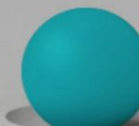
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Disclaimer

The information regarding business performance of LG Energy Solution is provided for the convenience of investors of the Company prior to the review by external auditors. Please note that some of the information contained herein may change in the course of the final review by external auditors.

The financial information contained in this document has been prepared on a consolidated basis in accordance with K-IFRS or Korean International Financial Reporting Standards.

Some of the statements as contained herein can be forward-looking considering the current business environment and the Company's business strategies. Therefore, in accordance with uncertainties inclusive of changes in future business environment and corporate strategies, actual results may differ materially from those expressed in the aforementioned statements.



Financial Performance

Business Performance

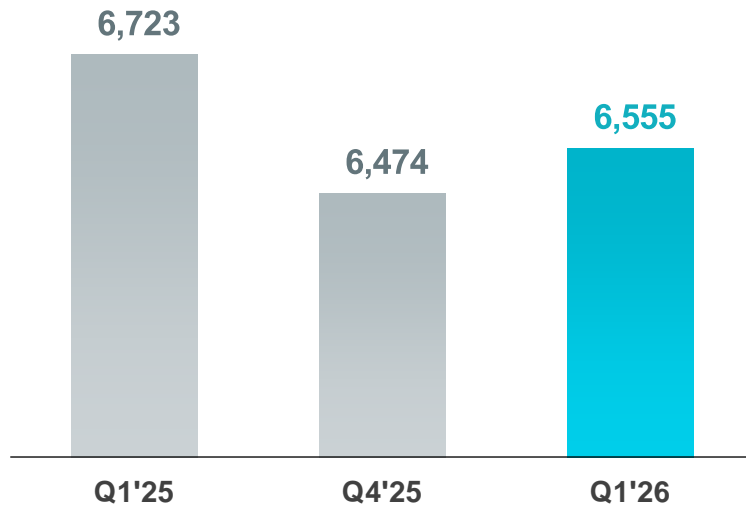
Financial Position

Cash Flow and Capex

Business Performance

Revenue

(Billion KRW)



North America Production Incentive Effect



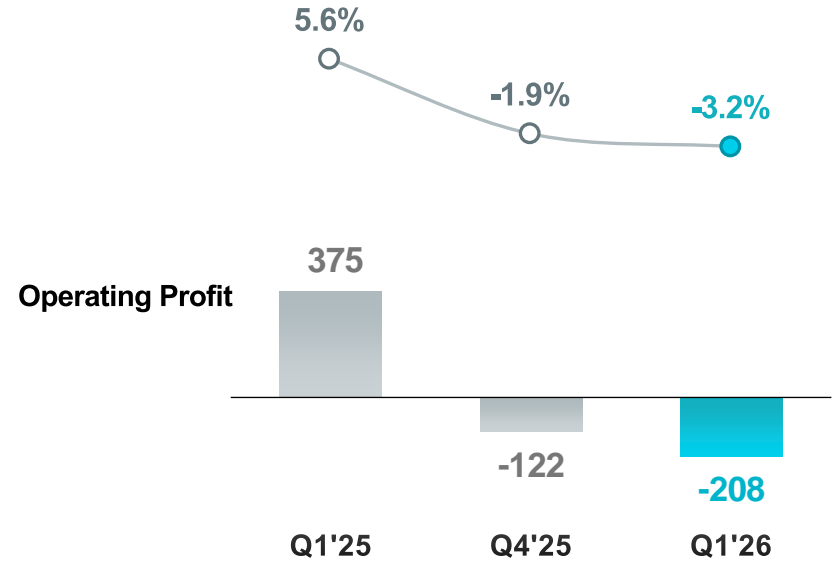
Revenue increased slightly QoQ thanks to stable shipments of EV cylindrical batteries and active response to ESS customer demand through capacity expansion in North America, despite the EV pouch shipment decrease due to inventory adjustment by a major customer in North America.

Although ESS volume increased, North America production incentive reduced and recorded 189.8 billion KRW as EV volume decrease

Operating Profit

(Billion KRW)

Operating Profit Margin



Despite the increase in shipments of cylindrical and ESS batteries, along with ongoing cost reduction activities, the initial ramp-up cost burden from the expansion of ESS production sites and the deterioration of product mix caused by reduced EV pouch volume in NA resulted in an Operating Loss.

Note : Starting from the fiscal year 2026, North America Production Incentive will be consolidated into the revenue figures due to changes in accounting presentation methods. For comparison purposes, past financial figures will also be adjusted accordingly.

Financial Position

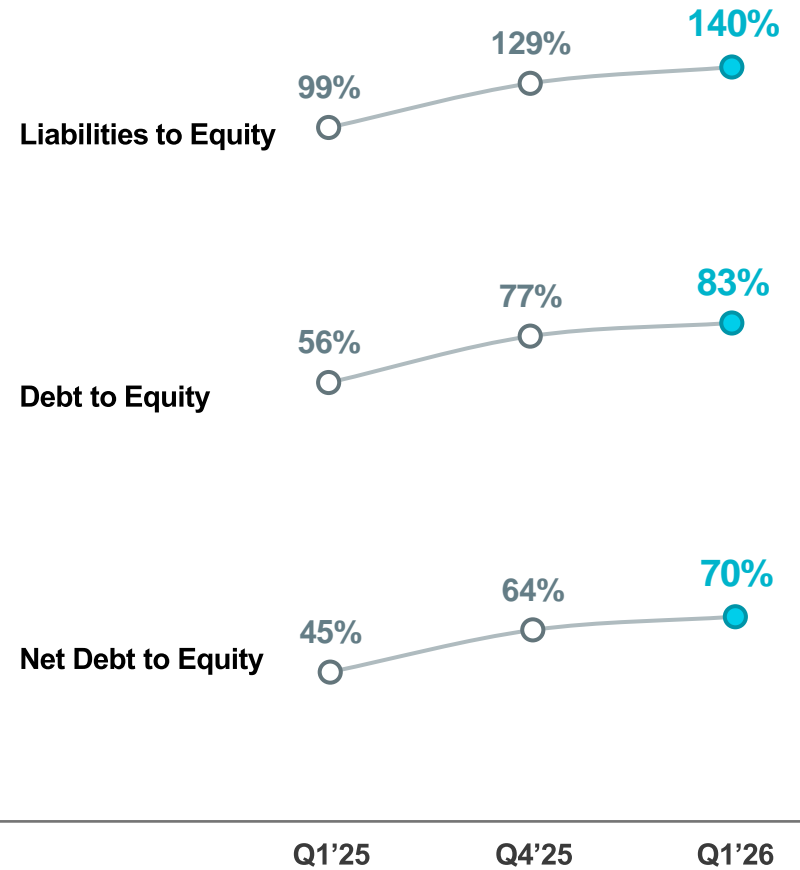
Financial Position

(Billion KRW)

	Q1'25	Q4'25	Q1'26
Asset	62,299	67,148	71,806
Cash and Cash Equivalents, etc.*	3,574	3,779	3,745
Liabilities	31,028	37,826	41,889
Debt	17,613	22,512	24,682
Equity	31,271	29,322	29,916

* Note : Deposits held by financial institution included

Leverage Ratio



Cash Flow and Capex

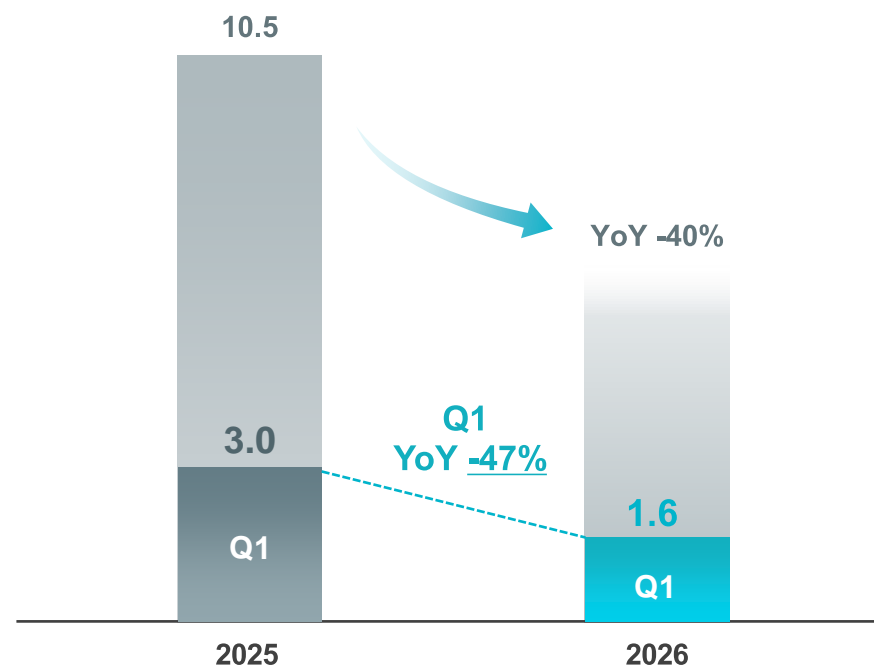
Cash Flow

(Billion KRW)

	Q4'25	Q1'26
Beginning Cash Balance	5,324	3,779
Cash Flow from Operating Activities	1,753	(316)
EBITDA	913	887
Working Capital	891	(1,044)
Cash Flow from Investing Activities	(2,261)	(1,020)
Capex	(2,515)	(1,648)
Cash Flow from Financing Activities	(1,111)	1,189
Net Changes in Cash	(1,544)	(34)
Ending Cash Balance	3,779	3,745

Capex

(Trillion KRW)



* Note : Deposits held by financial institutions included in Beginning/Ending Cash Balance



Key Achievements and Initiatives

Key Achievements

Market Analysis

Key Initiatives

Key Achievements

Business

Established Stable Business Portfolio Based on Product and Manufacturing Capabilities

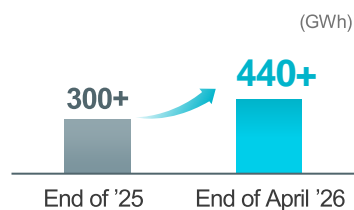
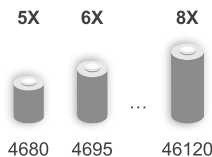
- **Securing Additional ESS Supply Contract and Expanding Business Cooperation with Strategic Customer**
 - Supply next-gen high-capacity LFP products, with more than 10% improvement in landed cost.
 - Address the sourcing needs for locally produced batteries utilizing production capabilities in the U.S.



- **Continuous Increase in Order Backlog for Cylindrical 46-Series**
 - Based on product competitiveness and production capabilities in North America

46-Series Order Backlog

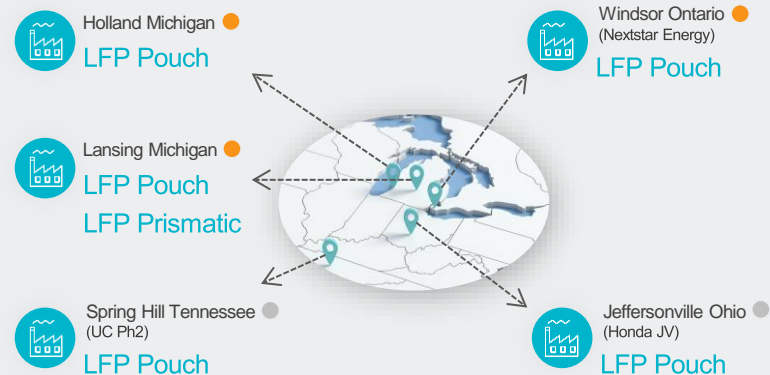
Energy Capacity (vs 2170)



Operation

Enhanced Responsiveness toward ESS Demand through Agile Capacity Conversion

- **Establishing and Stabilizing Operation across 5 Manufacturing Sites in North America**
 - In Operation ● : Holland Michigan, Windsor Ontario, Lansing Michigan
 - Start Operation within '26 ● : UC Ph2 Tennessee, Honda JV Ohio



Establish **50+GWh** of ESS Production Capacity in North America by End of '26

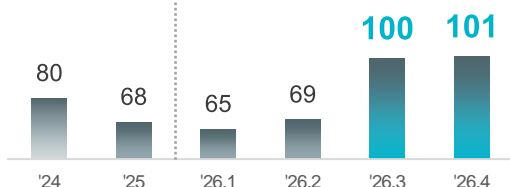
Market Analysis

Market Conditions

Industry

- Increasing needs for power grid stability backed by power consumption growth
- Uncertainty in energy supply & possibility of prolonged high oil prices

Oil Price Trend (Brent, \$/bbl, Period Average)



Policy

- Localization requirements remain in effect

OBDDA (48E ITC) Requirements for Incentive: 50+¹⁾ of ESS components to be sourced locally for 40%²⁾ of ITC on Capex (~'35)

IAA Requirements for Public Procurement/Subsidy: EV Regionally produced battery
ESS Regionally produced battery & BMS
Proposal announced in '26.3 → Expected to take effect in '27.2H

Opportunities

- ▶ Underscoring importance of ESS as a key component for power infrastructure which can offset the limitations of traditional power sources

Lead Time Advantage	+	Cost Effectiveness of Power Generation	+	Safety
<ul style="list-style-type: none"> ✓ Solar + ESS 1-3yrs Gas/Coal 5-7yrs Nuclear 10-15yrs 		$LCOE = \frac{CAPEX + OPEX + Fuel + Financing}{Lifetime\ Electricity}$ <ul style="list-style-type: none"> ✓ Renewable +ESS < Nuclear < Gas < Coal 		<ul style="list-style-type: none"> ✓ Power Grid Quality Enhancement ✓ Uninterruptible Power Supply

- ▶ Expanding consumer demand drivers for EV compared to ICE through product and price competitiveness as well as autonomous driving technology

Price Parity Competitiveness	+	Catalysts for EV Demand Growth
<p>Monthly payment(\$)</p> <p>Gas price</p> <p>ICE \$3/gal \$4/gal</p> <p>EV</p> <p>✓ Gap Reduction</p>		<ul style="list-style-type: none"> ✓ Advancement of SDV ✓ Commercialization of Autonomous Driving

- ▶ Increasing preference for players with local production capabilities who can maximize policy benefits and promptly respond to logistics risks

1) Strengthened to 55% from '27
2) Increased Base Credit (30%) + Additional Incentive for Domestic Content Bonus (10%)

* OBDDA(One Big Beautiful Bill Act), IAA(Industrial Accelerator Act), LCOE(Levelized Cost of Energy)

Key Initiatives



To Ensure Financial Soundness,
**Strengthen
Cash Flow Management**



- Improve financial structure through EBITDA growth, divestment of non-core assets, and enhancement of asset turnover
- Execute capex limited to essential investments and allocate resources strategically



To Secure Upside Potential,
**Maximize
Demand Response**



ESS

- Actively secure new orders for power infrastructure and data centers
- Stabilize operation promptly in North America (Q/C/D*)

EV

- Respond proactively to EV demand recovery by monitoring the market closely
- Utilize global sites to respond to strong demand for cylindrical batteries



To Address Logistics Risks,
**Stabilize
Supply Chain**



- Enhance monitoring for supply and demand of all raw materials and implement sourcing strategies preemptively
- Strive to minimize the impact of logistic costs through securing shipping space in advance, etc.



To Gain a Firm Competitive Advantage,
**Strengthen
Product Competitiveness**



- Differentiate SW based on SI capabilities in ESS and enhance product performance such as fast charging, etc. in EV
- Secure differentiating future technologies such as dry electrode processing, solid-state batteries and sodium-ion batteries, etc.

* Q/C/D(Quality, Cost, Delivery)



Appendix

Income Statement

Financial Position

Cash Flow

Income Statement

	2025					2026
(Billion KRW)	Q1	Q2	Q3	Q4	FY	Q1
Revenue (Including North America Production Incentive Effect)	6,723	6,056	6,065	6,474	25,319	6,555
Cost of Goods Sold	5,253	4,563	4,253	5,371	19,440	5,314
Gross Profit	1,470	1,493	1,812	1,104	5,879	1,241
(%)	21.9%	24.6%	29.9%	17.0%	23.2%	18.9%
SG&A	1,095	1,001	1,211	1,226	4,533	1,449
Operating Profit	375	492	601	(122)	1,346	(208)
(%)	5.6%	8.1%	9.9%	(1.9%)	5.3%	(3.2%)
EBITDA	1,231	1,375	1,519	913	5,037	887
(%)	18.3%	22.7%	25.0%	14.1%	19.9%	13.5%
Net Income before Tax	365	(27)	553	(476)	414	(859)
(%)	5.4%	(0.4%)	9.1%	(7.4%)	1.6%	(13.1%)
Net Income	227	91	536	(772)	81	(944)
(%)	3.4%	1.5%	8.8%	(11.9%)	0.3%	(14.4%)
North America Production Incentive Effect	458	491	365	333	1,647	190

The above financial figures for 2025 have been recalculated using the same standards for comparison with the current year's performance. This information is provided for the convenience of investors and has not yet been reviewed by an external auditor.

Financial Position

(Billion KRW)	2025				2026
	Q1	Q1	Q3	Q4	Q1
Assets	62,299	62,983	67,010	67,148	71,806
Cash and Cash Equivalents, etc.*	3,574	5,440	5,324	3,779	3,745
Account Receivables	5,317	4,595	4,849	4,311	5,157
Inventory	4,282	4,054	4,883	4,350	5,354
PP&E	40,290	39,999	42,855	40,795	42,538
Liabilities	31,028	34,682	37,273	37,826	41,889
Account Payables	2,831	2,207	2,332	2,153	2,957
Debt	17,613	20,857	22,728	22,512	24,682
Equity	31,271	28,300	29,737	29,322	29,916
Share Capital	117	117	117	117	117

Leverage Ratios

Liabilities to Equity	99%	123%	125%	129%	140%
Debt to Equity	56%	74%	76%	77%	83%
Net Debt to Equity	45%	54%	59%	64%	70%

* Deposits held by financial institution included.

Cash Flow

	2025					2026
(Billion KRW)	Q1	Q2	Q3	Q4	FY	Q1
Beginning Cash Balance	3,899	3,574	5,440	5,324	3,899	3,779
Cash Flows from Operating Activities	1,162	250	1,267	1,753	4,432	(316)
Operating Profit	375	492	601	(122)	1,346	(208)
Depreciation	856	883	917	1,035	3,691	1,095
Working Capital	22	326	(958)	891	282	(1,044)
Cash Flows from Investing Activities	(3,441)	(2,717)	(2,463)	(2,261)	(10,881)	(1,020)
Investment in Facilities	(3,014)	(2,717)	(2,171)	(2,515)	(10,417)	(1,648)
Cash Flows from Financing Activities	1,950	4,447	999	(1,111)	6,286	1,189
Borrowing/Repayment	2,222	3,244	1,872	(216)	7,122	2,170
Net Changes in Cash	(325)	1,867	(117)	(1,544)	(119)	(34)
Ending Cash Balance	3,574	5,440	5,324	3,779	3,779	3,745

1. The financial information states herein has been prepared in the manner different from the standard applied to the cash flow statement of the auditor's report.

2. Deposits held by financial institute included.



LG Energy Solution

EMPOWER EVERY POSSIBILITY

Our solutions empower humanity, things, and nature to reach their full potential, and to be more alive.